

Message Text

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PAGE 01 STATE 047618
ORIGIN ARA-10

INFO OCT-01 AID-05 EB-08 IGA-02 OMB-01 TRSE-00 DHA-02
CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03 NSAE-00 NSC-05
PA-01 PRS-01 SP-02 SS-15 USIA-06 ISO-00 IO-13 /087 R

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FM SECSTATE WASHDC
TO ALL AMERICAN REPUBLIC DIPLOMATIC POSTS
USCINCSO

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E.O. 11652: N/A

TAGS: EAID, IDB, XM

SUBJECT: HOUSE CUTS IDB APPROPRIATIONS REQUEST

1. BEGIN UNCLASSIFIED. THE FOREIGN OPERATIONS SUBCOM-
MITTEE OF THE HOUSE APPROPRIATIONS COMMITTEE CUT THE AD-
MINISTRATION'S REQUEST FOR FY 1977 SUPPLEMENTAL APPROPRIA-
TIONS FOR THE IDB AND THE ASIAN DEVELOPMENT FUND BY 40 .

2. THE ADMINISTRATION'S IDB REQUEST WAS DOLS. 60 MILLION
IN PAID-IN CAPITAL, DOLS. 200 MILLION IN CALLABLE CAPITAL,
AND DOLS. 200 MILLION FOR THE FUND FOR SPECIAL OPERATIONS
(FSO) -- A TOTAL OF DOLS. 460 MILLION.

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3. THE HOUSE SUBCOMMITTEE AUTHORIZED DOLS. 36 MILLION PAID
IN, DOLS. 120 MILLION CALLABLE, AND DOLS. 120 MILLION
FSO -- A TOTAL OF DOLS. 276 MILLION. END UNCLASSIFIED BE-
GIN LIMITED OFFICIAL USE.

4. CONGRESSIONAL STAFFERS HAVE TOLD US REASONS FOR THE
CUTS WERE:

(A) THE BELIEF OF SUBCOMMITTEE MEMBERS THAT 40 OF IDB FUNDS WENT TO COUNTRIES WHICH VIOLATE HUMAN RIGHTS;

(B) THE FEELING THAT THE LENDING OF THESE FUNDS WAS TOO FAR REMOVED FROM CONGRESSIONAL CONTROL; AND

(C) THAT IDB LENDING WAS TOO CONCENTRATED IN INFRA-STRUCTURE PROJECTS AND DID NOT ADEQUATELY FILTER DOWN TO POOR PEOPLE.

5. THE FIVE CENTRAL AMERICAN AMBASSADORS IN WASHINGTON HAVE FORMALLY PROTESTED THESE CUTS IN APPROPRIATIONS, CALLING ATTENTION PRIMARILY TO THE REDUCTION IN FSO FUNDING WHICH IS OF VITAL IMPORTANCE TO CENTRAL AMERICA. END LIMITED OFFICIAL USE. BEGIN UNCLASSIFIED.

6. IN TESTIMONY BEFORE THIS SUBCOMMITTEE ON MARCH 2, SECRETARY VANCE SAID: "...IN ALL CANDOR I MUST NOTE THAT I WAS DISTURBED BY THE ACTION OF THIS SUBCOMMITTEE IN CUTTING THE ADMINISTRATION REQUEST IN THE FISCAL YEAR 1977 SUPPLEMENTARY APPROPRIATIONS FOR THE INTER-AMERICAN DEVELOPMENT BANK AND ASIAN DEVELOPMENT FUND BY 40. OUR PLEDGE TO EACH OF THESE INSTITUTIONS IS PART OF A NEGOTIATED FUNDING PLAN. SHORTFALLS IN PLEDGES BY THE UNITED STATES WILL PROBABLY BE MATCHED BY REDUCED CONTRIBUTIONS BY OTHER DONORS TO THE IDB AND COULD JEOPARDIZE THE REPLENISHMENT OF THE ASIAN DEVELOPMENT FUND. THE EFFECTIVENESS OF BOTH INSTITUTIONS WOULD BE PROFOUNDLY AFFECTED IN ANY LIMITED OFFICIAL USE

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EVENT. I URGE THAT FULL FUNDING PLEDGES BY THE UNITED STATES BE APPROPRIATED. OUR REQUEST FOR THE INTER-AMERICAN DEVELOPMENT BANK AND THE ASIAN DEVELOPMENT FUND IS THE FIRST CONCRETE ACTION ON BEHALF OF LATIN AMERICA AND ASIA SINCE THIS ADMINISTRATION TOOK OFFICE. FAILURE TO SUPPORT THESE TWO ELEMENTS IN OUR REGIONAL ASSISTANCE STRATEGY WILL SURELY BE TAKEN AS A SLACKENING OF AMERICAN INTEREST..."

7. POSTS MAY DRAW UPON UNCLASSIFIED SECTIONS IN RESPONDING TO INQUIRIES.
VANCE

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Message Attributes

Automatic Decaptioning: X
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Sent Date: 03-Mar-1977 12:00:00 am
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Disposition Approved on Date:
Disposition Case Number: n/a
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Review Exemptions: n/a
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